NORTHWEST TERRITORIES
HOUSING CORPORATION

From the Ground Up

ANNUAL REPORT 2004–2005

NORTHWEST TERRITORIES
HOUSING CORPORATION

Celebrating 30 years

The Northwest Territories Housing Corporation is proud of its history and looks forward with great anticipation to the future. This past year was one of consideration as we reviewed thirty years of achievements. The Northwest Territories Housing Corporation believes housing is a cornerstone in building healthy and safe communities. Housing assists residents in achieving self-reliance and independence. The future is promising. We will continue to provide housing opportunities and to work with our partners to develop and increase housing options for the people of the Northwest Territories.

The Honourable Anthony W. J. Whitford, Commissioner
Government of the Northwest Territories

Dear Sir,
I have the honour of presenting the Annual Report for the Northwest Territories Housing Corporation, covering the period of April 1, 2004 to March 31, 2005.

Respectfully submitted,

David Krutko

Honourable David Krutko
Minister Responsible for the Northwest Territories Housing Corporation

Table of Contents

A Message from the Minister 4

A Message from the President 5

30th Anniversary 6

2004 NWT Community Survey 8

Market Housing Initiative 9

Programs and Initiatives 10

Construction Trades Access Project 13

Profile – Milt Pittman 15

Profile – Lise Dolen 16

Profile - Human Resources Division 17

Long Service Recognition Awards 18

Financials 19

A Message from the Minister

The Northwest Territories Housing Corporation commemorated its 30th anniversary in 2004. The theme, From the Ground Up – Celebrating 30 Years embodies the 30-year journey of the Corporation, recognizing its progress and advances since its inception in 1974. This past year was one of reflection and anticipation for an even brighter future.

The Corporation in 1974 delivered five programs in the areas of rental and purchase. Today, in 2004, the Corporation delivers over fifteen programs providing a mix of housing options for clients. During the 30-year journey, many individuals, staff, and community partners have diligently performed their responsibilities with the highest degree of professionalism. I take this opportunity to commend and thank them for their relentless efforts and outstanding service.

The Corporation has met the challenges throughout its three decades. Then as now, progress is realized with the assistance of our partners and stakeholders. Innovative ideas and solutions to northern housing needs come about through discussion and consultation. Thirty years ago a commitment was made to provide affordable, adequate and suitable housing - this commitment has not wavered. A tried and true value, it is the beacon, the guiding light that guides all decision making.

The Corporation has had a successful year but there remain some challenges to overcome. The continual dedication of the staff, the continual strong partnerships with organizations and clients, and the continual search for creative and innovative solutions provide a solid "ground" to build a strong future.

David Krutko

Honourable David Krutko

A Message from the President

The Northwest Territories Housing Corporation is 30 years young and has many reasons to celebrate. The Corporation's business evolved from building public housing units to expanding programming providing both homeownership and rental options to the residents of the Northwest Territories. The Corporation is proud of its service to the people, and especially its ability to anticipate and to adapt to better meet the changing needs of the people and the North.

Every four years, a NWT Community Survey is undertaken to determine the status of housing in the Northwest Territories. Results from the 2004 NWT Community Survey are encouraging. The core need reduction of four percent from 2000 to 2004 strongly validates the efforts of the Corporation and those of its partners. Continued commitment from all stakeholders can only help strengthen the housing resources in our communities.

A new housing program – the Market Housing Initiative – was introduced this year. It is recognized that there exists a shortage of non-subsidized rental housing in small non-market communities. The program is designed to meet these needs. The scarceness of rental accommodations is a barrier to many organizations. Efforts aimed at recruiting and retaining professionals who are vital to the well-being and growth of communities are hindered. In fiscal year 2004-2005, the Market Housing Initiative created 22 housing units in seven communities.

The Northwest Territories Housing Corporation is committed to working in partnership with communities and to providing opportunities for communities to assume responsibility and be accountable for their own choices and delivery of housing programs. Through this shared responsibility, opportunities are provided for all community residents to have homes that support a healthy, secure, independent and dignified lifestyle.

Lastly, I extend my appreciation to the excellent staff of the Corporation and say thank you for their unrelenting commitment and dedication. And to our partners, we value your contributions and look forward to future alliances.

Fred E. Koe, President

30TH ANNIVERSARY

Thirty years ago, the goal of the Northwest Territories Housing Corporation was to create innovative housing programs based on need and environment, and to make available the best possible housing to all residents of the Northwest Territories. Today, our goal is still the same and we have made significant strides in improving and supplying housing in the NWT.

The Corporation looks forward to a future of continued success in fostering emerging housing markets, strengthening its partnerships, and to developing more housing opportunities. As the Northwest Territories continues to grow and change, the Corporation remains committed to helping residents of the Northwest Territories achieve lifestyles of independence, dignity, health and security.

The Corporation continues to offer an extensive variety of housing programs in order to address the unique circumstances of the North.

Historical Timeline

1960-1970's The federal government appoints Local Housing Organizations to deliver housing programs to the Northwest Territories. The NWT Housing Council approves the NWT Corporation Ordinance in 1972. 216 units are rehabilitated to provide safe, adequate and affordable housing. More than 60 Local Housing Organizations manage 3,080 housing units.

1974-1975 The Northwest Territories Housing Corporation officially begins operations as a Crown Corporation of the GNWT. The Corporation delivers five programs under two categories, rental and purchase. 274 units are built under various initiatives.

1980 Changes are made to give the organization a more "corporate" appearance; the Managing Director is now referred to as President. 108 housing units are constructed and 132 units are rehabilitated.

1983-1984 The Corporation celebrates its ten-year anniversary. The Corporation offers 15 programs under two categories, Homeownership and Rentals.

1990-1993 277 public housing units are built and 159 families become homeowners under the Homeownership Assistance Program. Philip Nukapiak becomes the first Inuit chairman of the Board of the Northwest Territories Housing Corporation. The Access Program is introduced.

1994-1995 The Corporation celebrates its 20th anniversary. 285 new homeownership units and 129 rental units are delivered. Design options for homes are expanded to permit barrier-free designs for persons with disabilities. By now the Corporation has constructed more than 6000 homes.

1999-2000 The Northwest Territories divides and Nunavut becomes Canada's newest territory. Five new districts are created: Beaufort Delta, Nahendeh, North Slave, South Slave and the Sahtu. 47 Local Housing Organizations are reduced to 23 Organizations. Plan 2000, an initiative to provide better housing to 2000 families is deemed a success.

2004-2005 The Corporation celebrates its 30th anniversary. The 2004 NWT Community Survey is completed. Core need has decreased from 20% to 16%. To date the Corporation has assisted many residents of the NWT attain suitable, adequate and affordable housing.

The Northwest Territories Housing Corporation in collaboration with its partners, the NWT Bureau of Statistics, Local Housing Organizations and communities, conducts an NWT Community Survey every four years. The purpose of the survey is to collect data to determine the state of housing in NWT Communities. Four-year interval periods allow the Corporation to measure progress, monitor changes in housing conditions and needs, and assists in the targeting of housing resources to communities. The survey findings provide individual communities with the information needed to make decisions recognizing that each community is different, has different needs and emerging housing priorities.

The 2004 NWT Community Survey report is a compilation of data gathered by conducting on-site visits to 4,253 households in 33 communities. The 85 percent response rate for the survey was very high and is evidence that residents of the NWT care about their housing needs and housing as it relates to their community as a whole. It also shows that residents are appreciative of our efforts to make surveys more convenient. The 2004 NWT Community Survey is a combination of what were previously two surveys, the NWT Housing Needs Survey and the NWT Community Labour Survey. Combining the two surveys has proved very cost-effective and more convenient for residents.

The positive results in the 2004 survey are encouraging as they not only validate the tremendous effort expended to improve housing in the NWT but aid in strengthening the core fabric of our communities – adequate, suitable and affordable housing. The results of the 2004 NWT Community Survey illustrate that the percentage of households in core need decreased from 20 percent of all households in 2000 down to 16 percent in 2004*. This decrease is a positive sign; it indicates that the Corporation's programs have been improving housing conditions and providing residents with opportunities for suitable, adequate and affordable housing.

The Northwest Territories Housing Corporation delivered 2900 new projects between 2000 and 2004 including over 700 new homes. We invite you to visit **www.nwthc.gov.nt.ca** to view the results of the 2004 NWT Community Survey.

* Core Need is defined as households with at least one housing problem and total household income below the Core Need Income Threshold (CNIT). This is a significant level of improvement across the NWT.

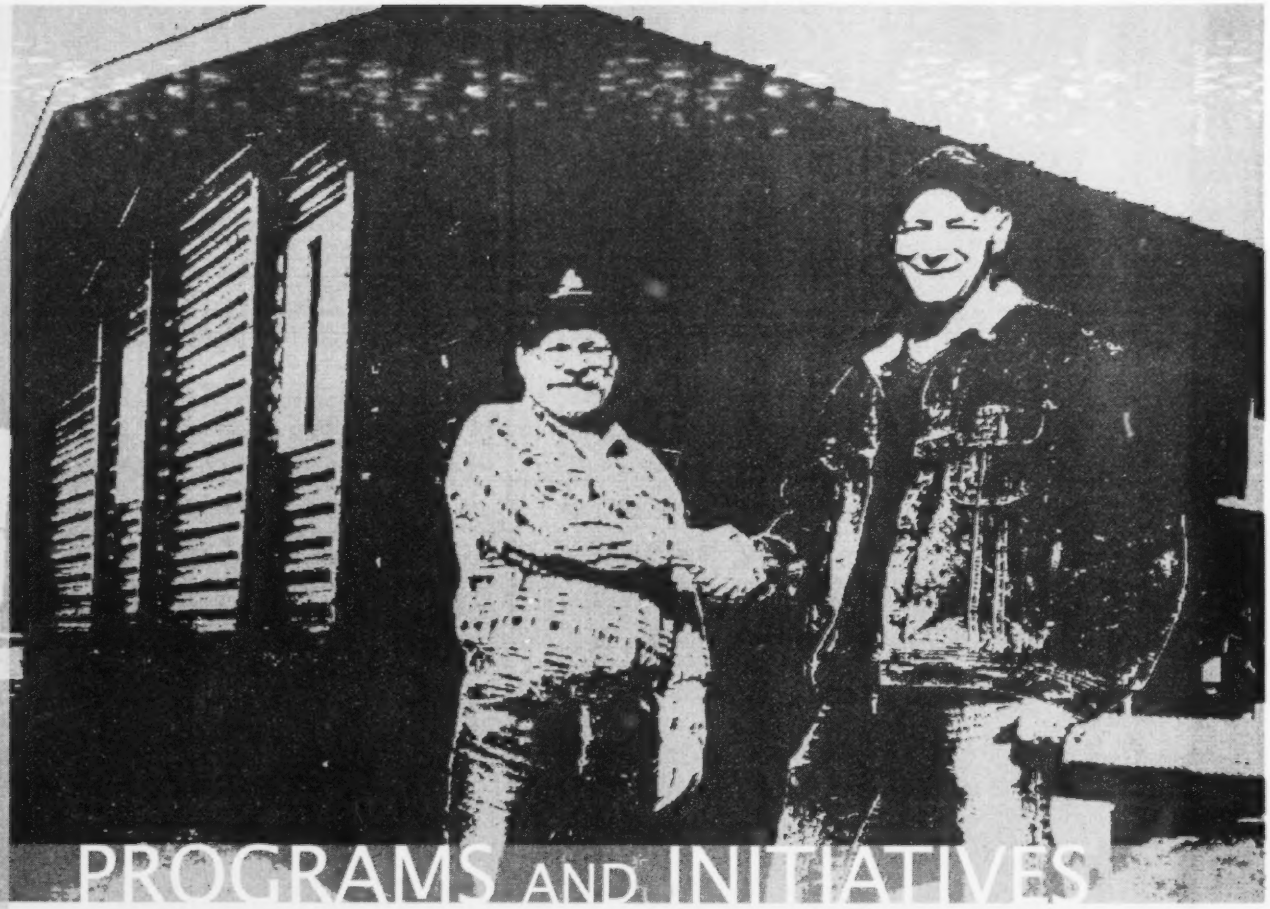
The Market Housing Initiative (MHI) was designed and implemented in 2004 as an additional programming option available to the Northwest Territories Housing Corporation in managing the housing challenges faced in the Northwest Territories. The primary objective is to provide affordable non-subsidized market rental units in non-market communities for professionals, local government, board or agencies, and private companies that require housing for their staff. The MHI will be realized over a two year period.

The lack of rental housing in non-market communities has been recognized as a barrier in the hiring and retention of essential service personnel. Additional housing pressures associated with non-renewable resource development activity as well as the proposed pipeline will amplify housing challenges. Through this initiative, the Corporation will increase the number of rental units available to small non-market communities and assist in developing capacity to improve the living standards for all residents.

Meeting the North's housing needs by addressing housing shortages is a priority for the Government of the Northwest Territories. The Market Housing Initiative is aligned with the GNWT Strategic Plan (June 2004) and supports the government's vision for the Northwest Territories.

The 2004 Phase I of the Market Housing Initiative involved the installation of twenty-two factory-built housing units in seven communities. The units' rental rates are based on full cost recovery – meaning there is no subsidy in rental rates. The housing was allocated to the communities identified as having the greatest need - Tulita, Fort Good Hope, For Resolution, Fort Liard, Fort Providence, Lutsel K'e and Norman Wells. The MHI generated approximately $1.2 million in economic benefits to the local communities. Moreover, employment and training opportunities were gained from the project. Local Housing Organizations are responsible for the operation and maintenance of the units through a partnership agreement with the Corporation.

The Corporation successfully increased the number of affordable housing units in several small communities. Phase II promises to build on Phase I's solid start by increasing affordable housing supplies in more non-taxed communities.



PROGRAMS AND INITIATIVES

New Program 2004 – Supported Lease Program

The Northwest Territories Housing Corporation introduced a new initiative called the Supported Lease Program in 2004. The program provides clients with an opportunity to establish or re-establish a credit history and successfully assume the responsibilities of homeownership before purchasing a home.

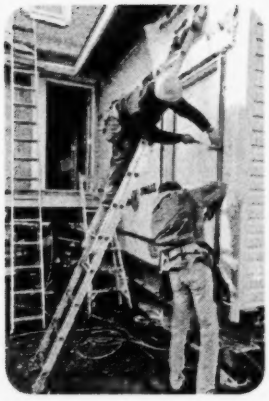
In many cases, potential clients have not had the opportunity to establish a credit history. This presents a challenge when contacting financial institutions to secure a first time mortgage. Participation in the Supported Lease Program provides potential clients with an opportunity to create a record of financial responsibility over a period of time.

To ensure that residents of the Northwest Territories have access to housing that is suitable, adequate and affordable, the Corporation provides a diverse range of programs for eligible residents. Programs offered by the Corporation include:

- The Expanded Downpayment Assistance Program provides clients with a downpayment to construct, purchase, repair or expand a new or existing home. Clients also obtain additional money from a financial institution.
- The Independent Housing Program assists lower-income people in eligible communities to obtain, and or repair a modest home.
- The Senior Citizens Home Repair Program assists Senior Citizens who own and occupy their own home to make repairs necessary for a safe and healthy residence and to maintain an independent lifestyle.
- The Sale of Housing Material Program provides clients with an opportunity to purchase housing material packages.
- Elders on the Land provides modest shelter for people who pursue a traditional lifestyle and live outside community boundaries.
- The Senior and/or Disabled Preventative Maintenance Initiative provides assistance to clients for annual maintenance checks/servicing and minimal repairs necessary for safe and healthy living.
- The Sale of Public Housing Initiative assists clients to purchase their public housing units and become homeowners.
- The Pile Repair Program assists clients in existing homes to undertake emergency repairs to their wood piling foundations to restore the structural integrity of the foundation.
- The Loan Guarantee Program provides the necessary security for a financial institution to proceed with lending money to clients for the purposes of purchasing, building or repairing a new or existing home.
- Corporate Loan Guarantee Program provides bridge (interim) financing in the form of loan guarantees to lending institutions to support and promote the development of new residential construction in the NWT.

- The Public Housing Program provides subsidized rental housing to individuals or families in Core Housing Need. Public Housing includes units for families, single persons, persons with disabilities and Senior Citizens. The units are owned by the NWTHC or leased from private development owners.
- Refinancing the NWTHC Mortgage Portfolio aids to minimize dependence on the government and encourages current homeownership clients to seek financing from a financial institution.

Partnership with the Canada Mortgage and Housing Corporation



- Socal Housing Agreement provides a long term funding arrangement between CMHC and the NWTHC to pay for the operating and amortization costs of our public housing portfolio.
- Affordable Housing Program provides limited one time funding over a five year period to the Northwest Territories to encourage the development of new affordable housing in the North.
- Renovation Programs
  - Home Adaptations for Seniors Independence provides financial assistance to clients to carry out minor home adaptations.
  - The Homeowner Residential Rehabilitation Assistance Program provides financial assistance to lower-income homeowners needing to repair their homes to a minimum level of health and safety.
  - The Emergency Repair Program assists clients with emergency repairs for the safe occupancy of their homes.
  - The Shelter Enhancement Program provides financial assistance for repair and improvements to shelters for victims of family violence.

CONSTRUCTION TRADES ACCESS PROJECT

In 2001, Tom Makepeace, Director, South Slave District Office pursued an idea to develop a pilot project that would construct modest social housing units through a community partnership approach.

The pilot project was designed with the goal of introducing high school students to construction trades, to provide a structured work experience, and to consider trades as a career. Additionally, the project provides college students with an actual project to apply the theoretical concepts learned in the classroom to the construction of a home. The housing units are 1 bedroom self-contained homes suitable for a couple or a single person. The homes are permanent and built to maximize energy efficiency.

In order to strengthen the success of this innovative project concept, it was crucial that partnerships be created between essential organizations. The Corporation assumed the lead through the formation stage. It was imperative that commitments be obtained from local educational institutions and private businesses in Hay River for the vision to become a reality. The project concept was later expanded to include Fort Smith.

This initiative has proven to be an overwhelming success on many fronts.

- A total of four houses have been completed under this initiative and expressions of interests are received for more.
- Students at Diamond Jenness High School, P.W. Kaeser High School, or Aurora College experience first hand the demands and rewards of construction trades. They put into practice the theoretical aspects learnt in a classroom setting. The students have direct experience to rely upon when evaluating whether a career in trades is a path they wish to follow.
- The construction trades businesses contribute to the pilot project on a volunteer basis. They willingly share their specialized trades with students and the community at large is also a beneficiary. Furthermore, the businesses are able to recruit students who express interest in pursuing such careers.
- The Northwest Territories Housing Corporation gains an additional housing unit for placement in a community through the provision of the building materials.
- Educational institutions provide their students with an outlet to apply knowledge and skills obtained in the classroom. This project also provides teaching employment to individuals.

Although the concept is still referred to as a pilot project, it provides the optimum opportunity for learning and an affordable attractive home for clients.

Our Partners and Contributions

- Diamond Jenness High School — Instruction/Supervision
- P.W. Kaeser High School — Instruction/Supervision
- Aurora College — Instruction/Supervision

Business Partners

- Mackenzie Electric
- B & T Plumbing
- PDQ Painting & Decorating
- MSS Ltd.
- Igloo Supplies
- Home Building Centre
- Wesclean

Milt Pittman

Milt Pittman arrived in Yellowknife from Newfoundland in the winter of 1983 intending to find work with one of the gold mines. To the Northwest Territories Housing Corporation's good fortune, Milt responded to an employment advertisement and was hired in March shortly after his arrival in Yellowknife.

Milt's original work was to look after lot development for all the Northwest Territories communities. In those days, the NWT included both the eastern and western arctic. Lot development consisted of gravel pads, legal pins, the laying of gravel, pile foundations and coordinating the work of contractors; there was no shortage of work.

In the early days, home construction was undertaken in approximately fifty communities based on a two year cycle. Typically, six to eight gravel pads were installed in each community and the following year the homes were built making for busy construction seasons. Milt shares that finding the people and contractors to do the work in the communities was challenging. "Competition for services was strong. Fortunately, housing was given priority which made my job a little easier" he says.

The greatest change over the years Milt reflects is the variety of housing programs offered to the residents of the Northwest Territories. "Where before the focus was on public housing, the shift to homeownership provides residents with the opportunity to become homeowners; it encourages personal commitment to take care of their needs and promotes independence". Broader programming has led to a greater interaction between Milt and clients as the clients become actively involved in planning for their homes.

Now twenty-two years later, you will find Milt at the North Slave District Office. He is the technical advisor and provides inspection services for new home construction as well as home repairs. He finds it easy to measure job satisfaction – as a house progresses through the construction or repair stages, the results can be seen immediately.

The Corporation provides a unique work environment. As a Technical Advisor, Milt travels to several small communities and interacts with many clients. Milt gets to wear many different hats during the course of a day - at times he is a housing consultant helping people decide what they want in a home or discussing possible changes to plans, at times an inspector checking that things are as they should be, and at times provides technical advice to individuals on how to take care of their homes. He enjoys helping first time homeowners as they venture into homeownership.

The greatest challenge for the future Milt believes is access to lands for home construction. He believes that this challenge can be overcome by working and partnering with community governments and stakeholders.

Milt is not ready to retire as yet – "Perhaps in three or four years and then someone younger can take over".

Lise Dolen

Lise Dolen looks forward to what each day will bring as she sets out for work as a Housing Maintainer for the Norman Wells Housing Authority (NWHA). The NWHA works in partnership with the Northwest Territories Housing Corporation and is responsible for the operation and maintenance of the public housing portfolio for Norman Wells. Recently the administration of the Market Housing Initiative units was added to the partnership agreement.

Lise has been in this role for nine years and she says "I can plan as much as possible, but housing repairs take on a life of their own and that will throw all your best plans out the window". It is that aspect that keeps the job interesting.

Lise attended the Housing Maintainer Program at Aurora College in Fort Smith as part of the apprentice position with the Norman Wells Housing Authority. It is a three year certificate program with components in plumbing, electricity and carpentry. She highly recommends the program as it provides the education and training that thoroughly prepares you for a career. "Trades are the way to go". She enjoys being known as the "go to" person whenever tenants require repairs to their units. "At the end of a day, you have a sense of accomplishment. You are instantly rewarded with thanks from the people and personally knowing you have fixed a problem that has made someone's life easier".

She credits her four sons in large part for her choice of career and the fact that trades offer good and stable income. Lise enjoys working with tools and equipment and sitting behind a computer is definitely not for her. Besides her sons think it's neat what she does for a living.

Lise strongly believes that preventative maintenance is the key to lessen future housing repair demands. One of the prime challenges she faces is not enough time in a day. The NWHA currently has thirty five housing units to care for with a three person staff – one person for administration and two people for technical services.

The Market Housing Initiative is an excellent housing strategy that helps the NWHA to become self-sufficient by reducing dependability on government resources. She adds however, that additional financial resources directed to increase staff size would help the NWHA meet the challenging volume of work.

She sees the partnership working well between the tenants, the NWHA and the Northwest Territories Housing Corporation - each has a role to play in making sure that the homes are in good condition.

Asked to speculate about her future in five years time and Lise reassures that you will still find her in Norman Wells in the same line of work. It is the work she enjoys and she considers her co-workers as part of the family.

Human Resources Division

The Human Resources Division is one of the primary hubs of the Northwest Territories Housing Corporation. It is a busy place as staff members provide advice and assistance in the areas of labour relations, recruitment, benefits, pay, human resource planning and development. The Division does all the staffing for the Corporation and upon request, also lends its expertise and assistance to our housing community partners.

The Division has a complement of five – Jane Haley, Manager, Lyla Reid and Carolyn Bungay, Compensation Administrators, Jessica Relucio, Personnel Officer and Debbora Buck-Colburn, Division Secretary. Combined, they offer the Corporation 74 years of experience in this one-stop shopping Human Resources Division. This certainly indicates a commitment to the Corporation and a consistency in practices for the employees.

The Division strives to ensure that employees are accurately paid on a timely basis and receive their full complement of benefits. Lyla Reid is proud of the response time. Her goal is to respond to employee queries within a day and if not, certainly advises on how long it will take to get an answer. "It is important that the communication between us and the employee is continuous" says Lyla. She enjoys knowing that an employee leaves with an answer or what the plan of action is. Carolyn Bungay echoes her co-workers sentiments regarding job satisfaction. She also shares that the one-on-one contact is a pleasing aspect of her job.

Jessica Relucio comments that the people within her unit and the Corporation as a whole make it easy to enjoy her work. The most enjoyable components of her job are meeting with the different areas to help with their staffing needs and seeing the new employees hired. This is closely followed with knowing that her follow up in the post-recruitment stage is appreciated.

The greatest challenge facing the Human Resources Division is meeting the staffing needs in the NWT's smaller communities. Recruitment of qualified staff, representative of the communities served, is paramount to the Corporation's success.

It seems that the overriding theme is that all five of the staff truly enjoy working in the Human Resources Division. Prominent for Jane Haley is the "people you know and work with on a day-to-day basis and the opportunity to contribute to building capacity within the existing staffing levels and through the recruitment of new staff. The implementation of the Maximizing Northern Employment Initiative is one of the highlights".

Debbora Buck-Colburn sums it up as "the camaraderie and the interaction with your co-workers" is what fuels your day. It is safe to say that the people compliment each other and together, create the positive ambience in the Human Resources Division.

Long Service Recognition Awards

The Northwest Territories Housing Corporation is proud of its success at attracting, developing and retaining a strong, dedicated group of employees. Each year, this achievement is celebrated through the Long Service Recognition Awards program. The following people were recognized for their years of dedicated service.

Congratulations and Thank You!

25 Years	Gordon McSwain	South Slave District
	Carl Simms	South Slave District
20 Years	Jeff Anderson	Finance Division
	Debbie Barry	Operations Division
	Tom Gross	South Slave District
	Brian Hebert	South Slave District
15 Years	Debbora Buck-Colburn	Human Resources Division
	Lucille Harrington	South Slave District
10 Years	April Conway	Finance Division
	Paulette Doucet	Finance Division
	Lyla Reid	Human Resources Division
	Millie Burns	Operation Division
	Joe Devereaux	Beaufort/Delta Division
	Larry Campbell	Nahendeh District
	Lisa Cardinal	North Slave District
	Robert Fraser	South Slave District
5 Years	Donna Fleischhacker	Operations Division
	Devin Braun	Nahendeh District
	Audrey Hurley	North Slave District
	Mark Collier	Sahtu District
	Guy Saint-André	Sahtu District
	Frank McKay	South Slave District

FINANCIALS

Management Discussion and Analysis

The Northwest Territories Housing Corporation (NWTHC) continued to develop and implement strategies which reflect the Vision and Mission of the Corporation and to develop and promote sustainable housing in light of the constantly changing environment.

Vision

The Northwest Territories Housing Corporation is committed to working in partnership with communities and Aboriginal groups to assist them to become responsible for their own choices in housing. By working together, all community residents are provided with opportunities for homes that support a healthy, secure, independent and dignified lifestyle.

Mission

The Northwest Territories Housing Corporation, in partnership with NWT residents and community organizations, is responsible for the provision of adequate, suitable and affordable housing. Through the fulfillment of this responsibility, the Corporation contributes to the development of a healthy NWT housing industry, which has a positive impact upon territorial, regional and local economies.

Mandate

The mandate of the Northwest Territories Housing Corporation is to assist communities to assume the role of providing housing to their residents and to contribute to Northern economic development. This is achieved by providing mentorship and support to communities in the areas of technical research and services, financial support, information sharing, training, and economic development.

In terms of achievements, the Corporation had a number of successes and challenges in the past year. Under the Affordable Housing Strategy, construction activities included 6 seniors' homes, 8 singles' units, 45 Independent Housing Program homes, 14 spec units, and 32 new homeownership units under Expanded Downpayment Assistance Program (EDAP). Funding was provided to complete over 500 home repairs across the NWT. As well, over 170 Modernization and Improvements (M & I) projects to upgrade or renovate existing public housing stock were funded. The Corporation continued its loan guarantee program to support private market developers and assist with the development of additional market rental and homeownership homes.

Over $12 million in corporate loan guarantees were on the books as of March 31, 2005, and nearly $5 million more are pending. The guarantees on interim financing assists private sector companies build or upgrade single or multi-unit residential housing for rental accommodation or for the homeownership market.

These strategies are working to provide the much-needed support to increase housing capacity and keep pace with the current cycle of economic expansion. The Corporation continues to work with the private sector in the development of specific goals and strategies to assist with the expansion of private housing and to establish an environment that encourages new construction of private housing.

The NWTHC in this reporting period signed 4 Universal Partnership Agreements (UPA) and 9 Appendix "D" Market Housing Units with community partners. The UPA is the Corporation's commitment to working in partnership with communities and aboriginal groups to assist them in becoming responsible for their own choices in housing. Appendix "D" addresses the administrative management of the market housing units placed in the community.

The Corporation continues to see a substantial lack of supply of Northern skilled trades and labour. As the economy goes into a phase of aggressive expansion, due in large part from the increased activity in mining and oil and gas, costs of construction continues to escalate.

The 2004 Community Survey shows that there were 2,260 NWT households in need of some form of housing assistance, a decrease of 467 from the 2000 Community Survey. This represents about 16 percent of all households in the territory, close to the national rate. If Yellowknife is removed from the calculations, the remaining NWT communities have approximately 22 percent of families in need, which continues to exceed the national rate. The next Community Needs Survey is expected to be conducted in Winter 2007. Results from this survey will allow the Corporation to re-assess its allocation of resources, develop housing programs, and plan new initiatives and strategies.

The total withdrawal of federal funding for new social housing has put a severe strain on the Government of the Northwest Territories' ability to meet the housing needs of our residents. As reported in last year's annual report, federal funding for the Operations and Maintenance (O&M) of the existing public housing portfolio will decline over a 34 year period - until 2038 when funding will equal 0 funding allocation. This reduced financial assistance began in fiscal year 2003/04 and continues on a yearly basis.

Total Assets

The Corporation's total assets increased in 2004/05 by $7.4 million or 4.5%. This increase was primarily due to increases in the investment in housing projects of $3.7 million, particularly in the Lease and Market housing areas, and an increase in fixed-term investments of $3.3 million.

Expenses

Total expenses were reduced by $4.0 million during 2004/05. These changes are discussed in the following paragraphs.

Rental Housing Programs

The cost to operate the Corporation's public housing portfolio increased by $1.6 million for 2004/05. This increase is due to increased expenditures in repairs and maintenance to improve the condition of our aging public housing stock.

Homeownership Programs

In 2004/05, the Housing Corporation reduced the delivery of Homeownership Programs with a reduction of $5.3 million from the previous year. Homeownership grants and contributions dropped by $3.8 million and mortgage subsidies by $1.0 million, due mainly to an increase in the income levels of our clients resulting in a reduced reliance on government assistance.

Administration

Administration costs decreased by $0.3 million in relation to the past year primarily due to a reduction in the use of professional and special services.

Revenues and Recoveries

The Revenues and Recoveries section increased by $0.9 million in 2004/05 primarily due to gains made on the disposal of capital assets related to the sale of public housing initiative.

Government Contributions

Approved contributions from the Government of the Northwest Territories (GNWT) are dependent upon actual expenses incurred for the year. As disclosed in Note 5, the Corporation started with a $1.5 million deficit (overspent appropriation) and reduced that by $0.2 million to arrive at a deficit of $1.3 million as at year end.

Federal contributions, as provided under the Social Housing Agreement with Canada Mortgage and Housing Corporation (CMHC), decreased slightly. However, this funding will begin to decline substantially in the coming years as mortgages are paid out and the funding agreements expire. An additional CMHC contribution of $1.5 million was received under the Affordable Housing Agreement.

Pursuant to Section 84 of the Financial Administration Act, any asset, debt or obligation written off under Section 82 during the financial year that exceeds $500 must be reported in the annual report of the public agency. During 2004-2005, the Northwest Territories Housing Corporation approved for write-off the following tenant rental arrears and other bad debts. The Board of Directors of each Local Housing Organizations (LHOs) of the NWT approves the arrears write-offs.

The arrears and bad debts write-offs listed below are considered uncollectible for a number of reasons. The tenant may be deceased or has moved and cannot be traced. In some cases, early record keeping has been insufficient to make a case for collection, or the arrears are over six years old.

Tenant Arrears

Client Name	Amount
Blackduck, Francis	$ 681
Desjardins, Roger	2,012
Drybones, Rosalie	1,039
Klugie, Harry	1,801
Menzies, Neil	1,791
Nedlin, Jimmy	929
	$ 8,253
Buckmaster, William	$ 695
Balsillie, Lisa	1,342
Balsillie, Kimberley	772
Whimp, Douglas	1,889
Cardinal, Joyce	6,288
Beck, Laura	657
Deedza, Charles and Betty	5,044
Larocque, Tara	2,216
Ruttle, Ron	520
Nessel, Greg and Donna	2,578
Sabourin, Roberta	1,445
Sibbeston, Allen	3,766
Power, Edward	8,487
Minoza, Scott and Constant, Patricia	1,959
Sagriff, Bill	8,257
Moores, Delores	1,877
Young, Reg	1,253
Kipling, Chris	735
Lafferty, Kelly	3,488
Magnum, Tina	1,471
Martel, April and Cayen, Robert	5,341
Sabourin, Camilla	1,824
Nadli, Dora	695
Minoza, Rosemary	8,366
Villebrun, Ann	2,124
Coleman, Anna	666
Bourke, Brad and Theresa	2,258
Bourque, Cecilia	1,067
Kaskamin, Charles and Dorothy	4,757
Chalifoux, Earl and Linda	1,251
King, Francis	1,817
Delorme, Gerald	1,097
Hall, Glen and Sarah	1,777

Client Name	Amount
Carpenter, Glenn	1,910
Lalonde, Iris	583
Campbell, Jean Ann	1,200
Emile, Jeff and Courtoreille, Rose	1,661
Daniels, Katherine	563
Heron, Ken	606
Desjarlais, Leanne	668
Buckley, Leonard	1,443
Daniels, Patricia	622
Mercredi, Patrick	729
Chalifoux, Pearl and Gladue, George	2,426
Desjardins, Ray and Campbell, J	527
Villebrun, Ronald and Reid, Debbie	680
Nadary, Rosalie	815
Evans, Roy	1,182
Benwell, Violet	4,708
	$ 108,102
Tames, Gladys	$ 900
Minoza, Gabe	535
Fabien, Eddie	511
Moses, George	3,622
Moses, Morris	825
	$ 6,393
Iglangasuk, Margaret	$ 1,411
Kunnizzi, Marty and April	3,341
Norman, Elizabeth	2,929
Allen, Agnes	620
Allen, Foster	1,799
Allen, Victor	1,574
Alunik, Ishmael and Ruth	941
Amos, Beatrice and Kaglik, Butch	7,715
Andre, Donald	948
Arey, Viola, and Vinnecombe, Ben	2,569
Avrugana, Lena	1,182
Bonnetplume, Melissa and Edwards, Johnny	1,561
Cardinal, James and McDon[illegible], Kristen	3,744
Cardinal, Jeremy	1,295
Carpenter, Ada and Gordon, Gilbert	1,193
Chicksi, Audrea	1,630
Coyen, Veronica and Kendi, Ken	3,000
Day, Doris and Bernhardt, Paul	1,880

Client Name	Amount
Devilliers, Chris	1,525
Elias, Clara	5,661
Firth, Helen and Rufus, Al	513
Firth, James	1,291
Firth, James, E.	7,837
Francey, David	1,685
Furlong, Michelle and Voudrach, Ryan	2,082
Gruben, Marilyn	1,339
Hurst, Ian	2,435
Inglangasuk, Randy	5,725
Itsi, Ron and Bernice	2,366
Joe, Terry	3,262
Joe, Tina and Kalinek, Lawrence	2,077
Kaglik, Adam	505
Kaglik, Archie	5,125
Kiktorak, John and Kowana, Lorraine	5,768
Loreen, Lorna and Rilling, Mike	7,754
McLeod, Robert James	1,176
Nugent, Terry	4,696
Papik, Maggie and Kaglik, Eddie	1,816
Pascal, Agnes	2,036
Pemberton, Karl and Donna	1,729
Peterson, Lauretta	5,301
Raymond, Louisa	1,770
Rogers, Daniel	593
Rogers, Hugh	1,920
Ross, Bobby	1,085
Stuart, John	5,711
Tachynski, Cecile	762
Thrasher, Eunice	4,911
Klengenberg, Diamond	1,575
Barnes, Frank	1,003
Keevik, Millie	7,073
Capot-Blanc, Margaret	1,429
Cockney, Virginia	571
Chicksi, Sandra	2,319
Dillon, Corrine	2,373
Elias, Arnold	1,551
Elias, Gloria	4,219
Elias, Jorgan, Sr.	664
Ettagiak, Raymond	7,003
Felix, Archie	973
Felix, Dennis	8,272
Felix, Herbert	3,737
Felix, Sharon	2,039
Gruben, Eugene	4,586
Gruben, Nancy	3,945
Gruben, William	3,625
Gruben, Persis	2,700
Kangegana, Rodney	868
Gruben, Lloyd	1,622
Kopon, Adam	1,754
Kuptana, Donald Jr.	1,396
Kuptana, Garret	516
Kuptana, Willie	2048
Lucas, David, Jr.	1,048
Ovayuak, Susieq	1,192
Klengenberg, Charles	1,354
Noksana, Jack	4,177
Ovayuak, Kelly	2,145
Panaktalok, Jana	974
Kimiksana, Thomas	1,287
Legge, Ray	3,605
Rufus, David	6,222
Rufus, Jerry	974
Skipping, George	1,368
Voudrach, Paul	1,831
Thrasher, Lawrence	3,193
Umoak, Molly	4,720
Voudrach, Freddie	3,492
Gruben, Jason	933
Ettagiak, Eric	6,952
Panaktalok, Ross	2,490
Panaktalok, Wallace	3,154
Elias, Gretta	1,691
Panaktalok, Darcy	3,059
Panaktalok, Douglas	1,887
Pokiak, Karen	2,737
Panaktalok, Joseph R.	1,912
Raddi, Roxanne	1,464
Kotokak, Edgar	2,637
Lucas, Daniel	1,769
Raymond, Laura	2,239
	$ 269,155
Dolphus, Rosie	701
Kodakin, Paul	920
Sewi, Darleen	2,864
Masuzumi, Mark	2,142
Tetso, Charlene	688
Tamton, Louie	1,101
	$ 8,436
	$ 400,339

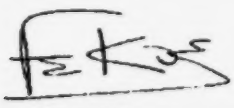
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable David Krutko
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statements include estimates and judgements based on careful consideration of information available to Management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act*, the *Northwest Territories Housing Corporation Act* and policies of the Corporation. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the financial statements of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.



Fred E. Koe, CMA, CAFM
President

J.B. (Jeff) Anderson, CGA, CPA
Chief Financial Officer
Finance and Corporate Services

Yellowknife, NT
June 17, 2005

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 2005 and the statements of operations, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material aspects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and the *Northwest Territories Housing Corporation Act* and regulations.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 17, 2005

	2005 ($'000)	2004 ($'000)
Assets		
Current		
Cash	$ 1,017	$ -
Short-term investments (Note 3a)	11,193	12,892
Accounts receivable (Note 4)	8,101	6,935
Due from the Government of the Northwest Territories (Note 5)	1,288	1,485
	21,599	21,312
Other receivables	113	501
Fixed-term investments (Note 3b)	7,383	4,060
	7,496	4,561
Investment in housing projects		
Land and buildings (Note 6a)	135,054	131,770
Mortgages receivable (Note 6b)	3,416	3,015
	138,470	134,785
Property and equipment (Note 7)	4,684	4,173
	$ 172,249	$ 164,831
Liabilities		
Current		
Bank indebtedness	$ -	$ 272
Accounts payable (Note 8)	11,113	10,319
Current portion of long-term debt and capital leases	5,514	5,006
	16,627	15,597
Long-term debt (Note 9)	80,345	85,364
Deferred capital contributions (Note 10)	58,803	51,245
Obligation under capital leases (Note 11)	8,780	9,279
Employee future benefits (Note 12)	1,248	1,331
	165,803	162,816
Equity		
Equity of the Government of the Northwest Territories	6,446	2,015
	$ 172,249	$ 164,831

Contingencies and commitments (Notes 16 and 17)

Approved by Management:

President

Chief Financial Officer

The accompanying notes form an integral part of the financial statements.

	2005 ($'000)	2004 ($'000)
Rental housing programs		
Contributions for social housing	$ 32,325	$ 32,757
Interest on long-term debt	9,509	10,025
Amortization	7,236	6,995
Repairs, maintenance, and other costs	5,543	3,633
Contributions for market housing	1,170	735
Homeownership programs		
Homeownership grants and contributions	6,625	10,414
Mortgage subsidies	1,911	2,947
Provision for impaired mortgages	1,286	1,805
Administration (Note 13)	13,588	13,864
	79,193	83,175
Other revenue and recoveries	1,245	1,435
Investment revenue	755	768
Mortgage interest revenue	217	187
Gain on disposal of capital assets	1,478	420
Recovery of prior year grants	57	34
	3,752	2,844
Net cost of operations prior to government contributions	75,441	80,331
Government of the Northwest Territories	40,632	41,613
Canada Mortgage and Housing Corporation (Note 14)	33,466	33,546
Amortization of deferred capital contributions	3,600	3,266
	77,698	78,425
	$ (2,257)	$ 1,906

The accompanying notes form an integral part of the financial statements.

	2005 ($'000)	2004 ($'000)
Equity (deficit) of the Government of the Northwest Territories beginning of the year	$ 2,015	$ (1,919)
Net contributions from (cost of) operations	2,257	(1,906)
	4,272	(3,825)
Contributions from the Government of the Northwest Territories		
Acquisition of non-depreciable capital assets	1,905	5,588
Long-term debt principal repayment (Note 5)	269	252
	2,174	5,840
Equity of the Government of the Northwest Territories, end of the year	$ **6,446**	$ **2,015**

The accompanying notes form an integral part of the financial statements.

	2005 ($'000)	2004 ($'000)
Cash received from:		
Government of the Northwest Territories (GNWT)	$ 42,023	$ 40,701
Canada Mortgage and Housing Corporation (CMHC)	29,635	30,121
Miscellaneous revenue and recoveries	2,253	2,354
	73,911	73,176
Cash used for:		
Contributions for social housing	(32,743)	(32,624)
Administration	(14,637)	(13,593)
Interest on long-term debt	(9,520)	(10,008)
Mortgage subsidies	(3,387)	(3,639)
Repairs, maintenance and other costs	(5,642)	(3,633)
Homeownership grants and contributions	(6,305)	(9,050)
Contributions for market housing	(1,170)	(735)
	(73,404)	(73,282)
Net cash used by operating activities	(507)	(106)
Contribution from GNWT for capital assets	12,962	14,073
Contribution from CMHC for loan repayment	3,831	3,404
Repayment of long-term debt and capital leases	(5,010)	(4,487)
Net cash provided by financing activities	11,783	12,990
Mortgage payments received	847	1,088
Sale of capital assets	3,361	5,009
Capital assets purchased	(13,585)	(17,855)
Fixed-term investments purchased	(3,323)	(2,050)
Short-term investments redeemed	1,699	1,813
Net cash used by investing activities	(11,001)	(11,995)
Net increase in cash	1,289	889
Bank indebtedness, beginning of the year	(272)	(1,161)
Cash (bank indebtedness), end of the year	$ 1,017	$ (272)

The accompanying notes form an integral part of the financial statements.

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the Corporation) is a Territorial Crown Corporation, established under the *Northwest Territories Housing Corporation Act*. The Corporation is exempt from income tax but is subject to Goods & Services Taxes.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the *Northwest Territories Housing Corporation Act*, the Corporation is dependent upon the Government of the Northwest Territories (GNWT), either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations and for capital projects.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Revenue recognition

Government contributions provided through the GNWT Department of the Executive are restricted subject to the provisions of Section 20 of the *Northwest Territories Housing Corporation Act* and Part IX of the *Financial Administration Act*. Accordingly, contributions from the government are recognized as revenue in the year in which the related expenses are incurred.

Contributions and recoveries from the government for operations, grants and contributions to homeowners, repairs, maintenance and other costs are credited to operations, except for those amounts provided for long-term debt principal repayments, which are credited to equity. Contributions from the government for depreciable capital assets are recorded as deferred capital contributions on the balance sheet and are amortized on the same basis and over the same periods as the related capital assets. Grant-in-lieu contributions of depreciable capital assets from the government are also recorded as deferred capital contributions. Contributions for non-depreciable capital assets are credited to equity.

Federal contributions from Canada Mortgage and Housing Corporation (CMHC) are restricted under provisions of a Social Housing Agreement. Accordingly, federal contributions are recognized as revenue in the year in which the related expenses are incurred.

Federal contributions from CMHC used for the repayment of loans towards the purchase of capital assets approximate the annual amortization expense of these assets and are recognized in the year received.

Federal contributions from CMHC provided under the Affordable Housing Program agreement are credited against the capital costs of housing units built under the homeownership and the assisted rental housing programs.

Investments

Short-term investments are valued at the lower of cost or market value, held to maturity and not considered cash equivalents. Fixed-term investments are valued at cost; with unrealized losses only recognized when there has been a permanent decline in the value of investments. Interest income is recorded on the accrual basis.

Investment in housing projects - land and buildings

Land and buildings constructed or purchased by the Corporation for the rental portfolio are stated at cost. Buildings transferred to the Corporation from CMHC or the government, are stated at their respective book value when transferred. This is considered a reasonable estimation of cost. Construction in progress includes amounts which may be transferred to land and buildings for rental programs and are carried at cost. Construction in progress and housing for sale include amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at lower of cost and estimated realizable value. Housing materials are valued at lower of cost and net realizable value.

Social and market housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Amortization for social housing, lease/purchase housing and market housing is provided using the declining balance method at an annual rate of 5%. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

Housing for sale and construction in progress are not amortized.

Investment in housing projects - mortgages receivable

a) Mortgage subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidies.

Accordingly, the mortgage receivable balance represents the present value of the expected future payments from clients on the mortgages, prior to an allowance for impairment.

Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of mortgages specifically identified as impaired to estimated realizable value.

Initial and subsequent changes in the amount of mortgage impairment are recorded in the year the changes occur.

Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment has been recovered.

Property and equipment

Property and equipment are stated at amortized cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

Contributions for social housing

Housing units owned by the Corporation are operated by local housing associations, authorities, municipalities and bands. The Corporation provides contributions for the annual operating requirements of these local housing organizations, net of rent revenues collected. These contributions are recorded on an accrual basis by the Corporation.

The Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

Public Service Pension Plan

Employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is based on a multiple of an employees' contributions and may fluctuate over time, depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

Employee future benefits

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

Measurement uncertainty

The preparation of financial statements requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to: valuation of social housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies; employee future benefits; and the allocation of the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

3. INVESTMENTS

a) Short-term investments

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 1.00% to 5.20% in 2005 (2004 – 0.75% to 5.20%). All instruments held are in high quality debt obligations with an average term to maturity of 52 days (2004 - 51 days).

b) Fixed-term investments

	2005			2004
Issuer	Effective rate of return	Term to Maturity	Carrying Value ($'000)	Carrying Value ($'000)
Government of Canada	3.26%	1 to 2 years	$ 1,031	$ 2,081
Trust company	3.55%	1 to 4 years	1,015	979
Provincial government	4.59%	1 to 10 years	5,337	1,000
			$ 7,383	$ 4,060

The average yield of this portfolio in 2005 was 4.26% (2004 – 3.85%).

4. ACCOUNTS RECEIVABLE

	2005 ($'000)	2004 ($'000)
Trade accounts receivable	$ 809	$ 1,200
Receivables from related parties		
Government of the Northwest Territories	52	877
Canada Mortgage and Housing Corporation	6,166	4,556
Local housing organizations	1,074	302
	$ 8,101	$ 6,935

5. DUE FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES

	2005 ($'000)	2004 ($'000)
Receivable (payable) at beginning of the year	$ 1,485	$ (1,141)
Total contributions	(54,160)	(53,312)
Contributions for long-term debt principal repayment	269	252
Contributions for capital assets	13,062	14,073
Cost of operations funded by GNWT	40,632	41,613
Receivable at end of year	$ 1,288	$ 1,485

The GNWT makes contributions to the Corporation to fund operations, principal repayments of long-term debt, capital assets, and for repairs, maintenance, grants and other costs. The amount of contributions recorded in the financial statements is dependent upon actual expenses incurred for the year. Amounts spent in advance of the contributions are due from the GNWT and are carried forward to be funded from future year's contributions.

6. INVESTMENT IN HOUSING PROJECTS

a) Land and buildings

	2005 ($'000)			2004 ($'000)
	Cost	Accumulated Amortization	Net	Net
Land	$ 275	$ -	$ 275	$ 261
Housing for sale	4,853	-	4,853	5,142
Social housing	176,639	76,472	100,167	104,453
Social housing under capital lease	11,033	3,158	7,875	8,568
Lease/purchase housing	11,591	2,444	9,147	4,018
Market housing	6,103	499	5,604	2,605
Construction in progress	7,133	-	7,133	6,723
	$ 217,627	$ 82,573	$ 135,054	$ 131,770

b) Mortgages receivable

	2005 ($'000)	2004 ($'000)
Mortgages, bearing interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum period of 25 years	$ 13,081	$ 11,531
Less: allowance for impaired mortgages	(9,683)	(8,692)
	3,398	2,839
Direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 15 years	818	849
Less: allowance for impaired mortgages	(800)	(673)
	18	176
	$ 3,416	$ 3,015

The recorded value of those mortgages specifically identified as being impaired is $10,483,000 (2004 - $9,365,000). There were no write-offs in the current year.

The carrying amounts of mortgages receivable should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

7. PROPERTY AND EQUIPMENT

	2005 ($'000			2004 ($'000)
	Cost	Accumulated Amortization	Net	Net
Warehouses and offices	$ 6,136	$ 2,880	$ 3,256	$ 2,915
Office furniture and equipment	4,467	3,436	1,031	1,047
Leasehold improvements	657	260	397	211
	$ 11,260	$ 6,576	$ 4,684	$ 4,173

8. ACCOUNTS PAYABLE

	2005 ($'000)	2004 ($'000)
Trade payables	$ 7,724	$ 6,397
Accrued interest	470	481
Employee leave benefits	825	752
Deferred revenues	8	26
Payables to related parties		
Local housing organizations	1,670	1,316
Government of the Northwest Territories	416	1,347
	$ 11,113	$ 10,319

9. LONG-TERM DEBT

	2005 ($'000)	2004 ($'000)
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2004 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories	$ 26,053	$ 26,659
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the Social Housing Agreement, maturing between the years 2005 and 2038, at interest rates ranging from 2.78% to 21.5% (2004 – 2.85% - 21.5%)	59,307	63,252
	85,360	89,911
Portion included in current liabilities	5,015	4,547
	$ 80,345	$ 85,364

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal ($'000)	Interest ($'000)	Total ($'000)
2006	5,015	8,217	13,232
2007	5,356	7,671	13,027
2008	5,118	7,132	12,250
2009	5,383	6,584	11,967
2010	5,082	6,040	11,122
2011-2015	15,776	24,475	40,251
2016-2038	43,630	50,039	93,669

10. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES

	2005 ($'000)	2004 ($'000)
Balance, beginning of year	$ 51,245	$ 44,792
GNWT contribution for depreciable capital assets	11,158	9,719
Amortization of deferred capital contributions	(3,600)	(3,266)
Balance, end of year	$ 58,803	$ 51,245

11. OBLIGATION UNDER CAPITAL LEASES

The Northwest Territories Housing Corporation is committed, in aggregate, to payments of $1,746,000 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs and three lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	Future Minimum Lease Payments ($'000)	Executory Costs ($'000)	Imputed Interest ($'000)	Lease Obligation ($'000)
Current				
2006	$ 1,746	$ 423	$ 824	$ 499
Long-term				
2007	1,746	423	778	545
2008	1,746	423	729	594
2009	1,746	423	670	653
2010	1,746	423	611	712
2011-2023	11,694	2,821	2,597	6,276
	18,678	4,513	5,385	8,780
Total	$ 20,424	$ 4,936	$ 6,209	$ 9,279

12. EMPLOYEE FUTURE BENEFITS

The Corporation and all eligible employees contribute to the Public Service Pension Plan (PSPP). This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index.

Contributions to the PSPP were as follows:

	2005 ($'000)	2004 ($'000)
Employer's contributions	$ 1,104	$ 963
Employee's contributions	521	453
	$ 1,625	$ 1,416

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Liability for leave, severance and removal benefits is as follows:

	2005 ($'000)	2004 ($'000)
Accrued benefit obligation, beginning of the year	$ 2,083	$ 1,845
Costs for the year	108	279
Benefits paid during the year	(118)	(41)
Accrued benefit obligation, end of the year	2,073	2,083
Less: Employee leave benefits in accounts payable	(875)	(752)
	$ 1,248	$ 1,331

13. ADMINISTRATION EXPENSES

	2005 ($'000)	2004 ($'000)
Salaries and benefits	$ 10,373	$ 10,467
Building and equipment rentals	1,220	1,223
Travel and relocation	684	748
Professional and special services	396	810
Computer services	342	101
Materials and supplies	247	262
Communications	220	201
Workshops and studies	60	5
Land title fees and expenses	46	47
	$ 13,588	$ 13,864

14. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2005 ($'000)	2004 ($'000)
Recoveries in respect of:		
Operations and maintenance		
Contributions for social housing including interest expense	$ 30,903	$ 30,983
Repairs, maintenance, and other costs	2,563	2,563
	$ 33,466	$ 33,546

Under the terms of a Social Housing Agreement (SHA) with Canada Mortgage and Housing Corporation (CMHC), the Corporation assumed full responsibility and liability for the management of social housing programs specified in the SHA. The Corporation receives annual funding from CMHC to manage these programs. The SHA and the funding expire in 2038.

CMHC's ownership interest in the social housing and loan portfolio affected by the SHA is transferred to the Corporation as Trustee, in accordance with a Declaration of Trust Agreement. A portion of the SHA funding is used to make payments on portfolio-related CMHC mortgages (note 9). As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains realized upon the disposal of any portfolio assets.

Contributions from CMHC under the Affordable Housing Program for 2005 are approximately $1,495,000 (2004 - $1,775,000).

15. FINANCIAL INSTRUMENTS

a) Fair Value

The fair values of the Corporation's financial instruments are estimated as follows:

	2005 ($'000)		2004 ($'000)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed-term investments	$ 7,383	$ 7,321	$ 4,060	$ 4,240
Loans payable	26,053	27,815	26,659	28,324
Mortgages payable	59,307	87,182	63,252	91,407

Fair values for fixed-term investments are the market value as at March 31.

The fair value of loans and mortgages payable is based on an estimated market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of the remaining financial assets and liabilities approximate the carrying amounts because of the short term to maturity.

b) Credit Risk

Investments are managed by the Corporation's external investment managers. All investments have an R-1 medium or an AA rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 10% to 50% of the total portfolio and a maximum dollar value of $10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty.

Accounts receivable consists primarily of amounts due from GNWT, CMHC and federal Goods and Services Tax rebates, which in aggregate represent 82% (2004 – 82%) of balances outstanding.

Mortgage credit risk arises from the possibility that clients might be unable to fulfill their obligation under mortgage contract. This risk is mitigated by verifying employment status and income, and by performing a credit assessment which includes ensuring there are no rent arrears with local housing organizations.

Loan guarantees provided by the Corporation to banks are in respect of loans advanced to individual homeowners and contractors throughout the territory. Guaranteed loans mature at various dates to the year 2023. Losses relating to loan defaults are not significant to the Corporation's 2005 operations.

16. CONTINGENCIES

The Corporation provided guarantees to banks financing certain new or renovated residential housing construction. As at March 31, 2005 a total of 44 (2004 - 40) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $11,676,000 (2004 - $6,459,000). As at March 31, 2005, no claims have been made on guarantees and no accrued liabilities recorded.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans as at March 31, 2005 is approximately $37,781,000. (2004 - $39,035,000).

17. COMMITMENTS

The Corporation leases office space and rent supplement public housing units and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	Total ($'000)
2006	4,443
2007	3,863
2008	3,210
2009	2,871
2010	1,920

18. RELATED PARTY TRANSACTIONS

The Corporation's relationship with the various local housing organizations (authorities, associations, bands, and municipalities) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the *Northwest Territories Housing Corporation Act* and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. In addition the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties.

19. SUBSEQUENT EVENT

Effective April 1, 2005, the GNWT Department of Education, Culture & Employment (EC&E) is responsible for providing social housing rental subsidies. A GNWT contribution of $30,950,000 which in the past was provided as an appropriation to the Corporation has, for 2005/06, been voted as an appropriation to EC&E to carry out its new responsibilities. For 2005/06 however, EC&E will return this funding to the Corporation to administer the social housing rental subsidies on their behalf. Consequently there will be minimal financial effect on the Corporation at this time.